

**Disaffiliation Process with Congregation Approval
for Annual Conference 2023**

Outline of Disaffiliation Process

1. Complete and submit the Disaffiliation Information Form by **5 days after disaffiliation vote** to be eligible for disaffiliation at the 2023 Annual Conference. Please follow the instructions on the form for submission to the Conference Chancellor.
2. The Conference Chancellor will reach out to the designated point of contact(s) for each church that timely submitted the Disaffiliation Information Form to provide the Disaffiliation Agreement and additional information and requirements to facilitate the disaffiliation process.
3. All churches must obtain a title search on the church's real property and submit to the Conference Chancellor by **May 1, 2023**.
4. Church must submit all other required documents, outlined below, to the Conference Chancellor by **May 11, 2023** to be eligible for disaffiliation at the 2023 Annual Conference:
5. The Annual Conference will be held on **June 8-10, 2023**, where each church's Disaffiliation Agreement will be ratified by a simple majority vote by the Conference.
6. Church must provide all of its historical records, as outlined below, directly to the Conference by **June 30, 2023**.
7. The disaffiliation payment due to the Conference under the Disaffiliation Agreement must be paid to the Conference by **June 30, 2023**. All amounts due will be provided to the church following successful submission of the Disaffiliation Information Form, with the exception of legal fees, which will be provided to the Church prior to the payment deadline.
8. Church's disaffiliation from the UMC will be effective **July 1, 2023** if all requirements under the disaffiliation agreement have been met. Church will not be eligible to disaffiliate effective July 1, 2023 if all requirements are not met by the deadlines stated above.

9. Upon receipt of all required documents and payment, the Conference will mail the fully executed Disaffiliation Agreement with all of its Exhibits, including the deed, to Church per the instructions the church has provided on its Disaffiliation Form.

10. Church must record the quitclaim deed (attached to the Disaffiliation Agreement as Exhibit E) with the County in which its real property sits.

Required Steps All Churches Must Complete to Disaffiliate

1. Church must hold a conference in compliance with ¶¶ 246.8, 248, and 2553.2-.3 of *The Book of Discipline of The United Methodist Church* at which at least two-thirds (2/3) of the professing members present vote to disaffiliate from the UMC.

- Church provides minutes and ballots/ballot listing to Superintendent
- Church must fill out the provided form evidencing the conference vote
- Church conference vote must be completed by **May 1, 2023**

2. Church must form a **new legal entity** to transfer all assets and real property to and to effectuate the disaffiliation. Once the new entity is formed, provide the Conference Chancellor with a copy of the Certificate of Incorporation for the new entity. The new legal entity's name cannot contain "United Methodist." The Church cannot merely legally change its name, it must create an entirely separate and distinct entity. This can easily be done on the Indiana Secretary of State's website:

www.in.gov/sos/business/division-forms/business-forms/

3. Church must obtain a title search on the church's real property and submit to the Conference, along with copies of all vesting deeds for the property(ies) at issue, by **May 1, 2023**. Simply tell a title company which property/ies the church believes it owns and the tile company will pull the required deeds necessary for the Conference Chancellor to prepare the quitclaim deed releasing all of the Conference's interest in the church's real property to the church's new entity. Please note that in some instances title companies may require that a survey of the property be completed, which can take up to thirty (30) days.

4. Church must obtain an insurance policy in the church's new entity's name with the minimum policy requirements outlined in Exhibit H to the Disaffiliation Agreement. The policy must be in effect by the **July 1, 2023** disaffiliation date. Once a policy is obtained, provide a certificate of insurance to the Conference Chancellor that is detailed enough to show the policy contains the minimum requirements outlined in

Exhibit H. The policy must be kept in full force and effect for at least three full calendar years following the disaffiliation date.

5. Church must submit the following documents to the Conference Chancellor by **May 11, 2023** to be eligible for disaffiliation at 2023 Annual Conference:

- Executed copy of the Disaffiliation Agreement;
- Completed Exhibit A form, signed by the church's superintendent, evidencing the church conference vote to disaffiliate;
- If the church has a cemetery, executed copy of the cemetery transfer agreement;
- Completed Exhibit D form listing the church's real and personal property that will be transferred to the church's new entity upon disaffiliation, which must include a full legal description of the real property which the church warrants and represents is true and accurate, a list of bank accounts, and a list of the church's personal property;
- Certificate of Incorporation issued by the Indiana Secretary of State for the church's newly formed entity;
- Completed Exhibit F form disclosing, if any, the church's subsidiaries, affiliates, other corporate or fictitious names, and restricted assets (endowments, donor funded accounts, or other gift instruments);
- Most recent statement of financial position for the church (may include most recent bank statements);
- A certificate of insurance evidencing that the church's new entity has obtained insurance with the minimum policy requirements outlined in Exhibit H to the disaffiliation agreement.

*All documents will be submitted via the Taft Secure File Transfer Service. Instructions on how to access this service will be provided upon submission of the Disaffiliation Information Form.

6. Church must provide copies of its historical records directly to the Conference (*not* to the Chancellor or Taft Law) by **June 30, 2023**; such records may include:

- Membership rolls;
- Financial records;
- Historical documents;
- Archives;
- Funeral records;
- Wedding records;
- Baptism records;

- Trustee, Ad Council, and other committee meeting minutes.

*Please see the following link for instructions on how to deliver historical records
<https://libguides.depauw.edu/c.php?g=73429&p=8613470>

7. Church must make the disaffiliation payment to the Conference **before the July 1, 2023 disaffiliation date** in order to disaffiliate. The payment will consist of the following:

- Any unpaid apportionments for the prior 12 months;
 - ***Church must stop making tithe payments as of the date of the church conference vote to disaffiliate***
- An additional 12 months of apportionments;
- Church's pro rata share of the Conference's unfunded pension obligations;
- Church's pro rata share of the Conference's Retiree Health Insurance Subsidy obligations;
- Any prior year pension and health insurance outstanding balances;
- Any unpaid loans or other obligations to other United Methodist entities;
- Any grant monies from the Conference paid to the church in last 12 months;
- Any salary subsidy provided to the church by the Conference in the last 12 months;
- **All legal fees incurred by the Conference to facilitate the disaffiliation process and prepare the required documents (typically will not exceed \$5,000)**

8. If the pastor is also disaffiliating (i.e., following the church) he/she will need to relinquish his/her credentials, if any, on the disaffiliation date of July 1, 2023. The Board of Ordained Ministry or DCOM will oversee this process. If the pastor is also disaffiliating he/she will have 30 days to manage personal emails before access to the inumc.org email is terminated.

9. Church must record the quitclaim deed (attached to the Disaffiliation Agreement as Exhibit E), which releases the Conference's interest in the church's real property to the church's new entity, with the County in which the real property sits. Fully executed Disaffiliation Agreements along with the deed will be mailed out to churches upon successful completion of all requirements and payment.

Important Reminders to Consider

- Please read and follow these instructions very carefully as they have been prepared as thoroughly as possible to alleviate any clarifying questions and attorneys' time answering questions to ensure as cost efficient and expedient disaffiliation for the churches.
- Please begin working with a title company as soon as possible to obtain both a title search and copies of all vesting deeds for the property/properties. It is imperative that Taft Law obtain documentation on the property for which the Trust Clause will be released as soon as possible to ensure a timely disaffiliation.
- Please complete Exhibit D and Exhibit F to the disaffiliation agreement in their entirety using the templates provided to you to alleviate the need for the Chancellor's office to follow-up on missing information.
- Please ensure that the certificate of insurance submitted evidences all the minimum coverages required by Exhibit D to the disaffiliation agreement, again to alleviate the need for the Chancellor's office to follow-up on missing information.
- All questions must be submitted to the Conference Chancellor via email (copying both sjenkins@taftlaw.com and kgrant@taftlaw.com) and include the name of the disaffiliating church in the subject line; please no phone calls.
- All historical records must be submitted to the Conference or to the DePauw Library's Archives and Special Collections department, please do not upload them to the Taft File Transfer Service.
- Please stop making all tithe payments to the Conference as of the date of the church conference vote in favor of disaffiliating.